

FISCAL NOTE

TO: Chief Clerk of the Senate
Chief Clerk of the House

FROM: James A. Davenport, Executive Director

DATE: March 6, 1995

SUBJECT: **HB 347 - SB 1420**

This bill, if enacted, will amend the Inheritance and Gift Tax law. The bill eliminates the existing Class A and Class B exemptions and per donee exclusions and replaces these with a universal \$10,000 per donee exclusion. The bill also allows a \$600,000 per donee lifetime exemption applied against the total aggregate net gifts made during the donor's lifetime in excess of the annual exemption. In addition, the bill reduces the lifetime exemption by the value of the gifts, subject to federal gift tax, but not taxable for Tennessee gift tax purposes.

The fiscal impact from enactment of this bill is estimated to be a decrease in first year state revenues of approximately \$9,500,000 which assumes over 90% of the collections of gift tax returns filed reflect gifts less than \$600,000 and will result in lost gift tax collections.

Enactment of this bill is also estimated to result in one-time state expenditures of \$38,800 for computer programming changes and revision of forms.

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director